

In the Matter of the Application of)
Budget Prepay, Inc. d/b/a Budget Phone)
for Designation as a Non-Rural Wireless)
Eligible Telecommunications Carrier)

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A. My name is David Donahue. I am the Chief Financial Officer of Budget PrePay, Inc. (hereinafter sometimes referred to as “Budget” or the “Company”). My business address is 1325 Barksdale Blvd., Bossier City, Louisiana.

A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony of the Office of Regulatory Staff and discuss Budget's qualifications to receive additional designation by this Commission as a wireless ETC for the purposes of receiving federal universal service "Lifeline and Link-up" support, and why such designation will serve consumers and the public interest generally. I would like to incorporate by reference into this Testimony Budget's application and Direct Testimony filed in this Docket.

A. Section 214(e)(1)(A) of the Federal Telecommunications Act (the “Act”) requires that

Budget:

1 Offer the services that are supported by Federal universal support mechanisms under
2 Section 254(c), *either using its own facilities or a combination of its own facilities*
3 *and resale of another carrier's services*"

4
5 (Emphasis added).

6
7 This requirement is repeated in 47 U.S.C. C.F.R. § 54.201, and in Commission
8 Regulation 103-690 C.(a)(1)(C)(6). As described in the Application, my Direct
9 Testimony, and in Budget's responses to the ORS Audit Information Requests, Budget
10 meets those requirements in this Docket by providing certain services using its own
11 facilities and by reselling certain other services of its underlying carriers. Budget also
12 satisfied those same requirements in Docket No. 2009-276-C when this Commission
13 previously designated Budget as a wireline ETC. I will leave the legal arguments about
14 what these legal provisions mean to my attorney.

15
16 **Q. PLEASE DISCUSS HOW BUDGET WILL PROVIDE SERVICE TO LIFELINE**
17 **CUSTOMERS IN SOUTH CAROLINA.**

18 A. As stated in its Application in my Direct Testimony, and in response to the ORS data
19 requests, Budget will provide its services using a combination of its own facilities and the
20 resale of another carrier's services. Therefore, Budget is a "facilities-based" wireless
21 ETC as opposed to a "pure reseller" of wireless services. Budget uses switches located in
22 Shreveport, Louisiana and Dallas, Texas to provide access to directory assistance, access
23 to some interexchange services (for routing certain domestic and all non-domestic calls),
24 the provision of toll limitation services, and access to operator services. Every Budget
25 customer, including every Budget South Carolina wireless customer who uses one of the
26 above-referenced services, will have that call routed through Budget facilities , thereby
27 "touching" Budget's facilities.

1 **Q. DOES BUDGET PROVIDE LIFELINE AND LINKUP SERVICES AS A**
2 **WIRELESS ETC BY MEANS OF BOTH RESALE AND USE OF ITS OWN**
3 **FACILITIES IN ANY OTHER JURISDICTION?**

4 A. Yes. Budget is providing more than 200,000 customers with Lifeline and Linkup
5 services as a wireless ETC in three (3) states: Arkansas, Louisiana, and Maryland. In
6 each of these jurisdictions, Budget operates as a “facilities-based” ETC. The Universal
7 Service Administrative Company (“USAC”) recognizes Budget’s status as a facilities-
8 based ETC, as does each jurisdiction where Budget operates as a wireless ETC.

10 **Q. HOW DO YOU ADDRESS THE ORS’ CONCERNS THAT BUDGET HAS NOT**
11 **PROVIDED SUFFICIENT EVIDENCE REGARDING ITS FACILITIES OR ITS**
12 **ARRANGEMENT WITH ITS UNDERLYING CARRIERS?**

13 A. Budget is endeavoring to obtain more information for the ORS about the specifics of its
14 provisioning arrangements, including a more specific call diagram and information
15 regarding its switches and their functionality. However, I reiterate that Budget is already
16 serving customers in three states using its facilities in combination with the resale of
17 wireless services. Additionally, Budget has provided a sworn affidavit from an officer of
18 the Company stating that it would comply with the requirement in question, and Budget
19 has reiterated this commitment in its Responses to the ORS Audit Information Requests,
20 my Direct Testimony and in this Rebuttal Testimony. Furthermore, requesting
21 information about Budget’s underlying carrier relationships is extremely problematic for
22 the Company, and may compromise its relationships with those carriers.

1 **Q. THE ORS ALSO CONSIDERS BUDGET’S COMPLIANCE WITH**
2 **COMMISSION REGULATION 103-690 C.(a)(1)(C)(2) TO BE LACKING. WILL**
3 **BUDGET AND ITS SERVICES REMAIN FUNCTIONAL IN EMERGENCY**
4 **SITUATIONS?**

5 A. Yes. My direct testimony and Budget’s Response to Audit Information Request 1.24
6 demonstrate our commitment and ability to remain functional in emergency situations.
7 Also, in Docket No. 2009-276-C Budget’s reliance on AT&T’s ability as Budget’s
8 underlying carrier to remain functional in emergency situations was sufficient to satisfy
9 this requirement.

11 **Q. MR. ROZYCKI OPINES THAT BUDGET SHOULD NOT BE ALLOWED TO**
12 **SEEK FEDERAL LINK-UP SUPPORT. DO YOU AGREE?**

13 A. No. Budget is a “facilities-based” carrier for purposes of its ETC designation and
14 operation, Budget receives Federal Link-Up support in those states where it has been
15 designated as a wireless ETC. Budget assesses a Service Activation Fee to all customers,
16 both Lifeline and non-Lifeline, to offset the costs of commencing telecommunications
17 service. Link Up is intended to provide support to eligible customers to offset such
18 customary charges and make Lifeline service affordable.
19 I will allow my attorney to respond to Mr. Rozycki’s opinion regarding the applicability
20 of Regulation 103-690.1(E)(b)(1). Suffice it is to say that no wireless carrier connects a
21 line “at the consumer’s principal place of residence.”

23 **Q. MR. ROZYCKI CLAIMS THAT BUDGET’S PROVISIONING OF SERVICE IS**
24 **“DIFFICULT TO MONITOR”? ARE HIS CONCERNS LEGITIMATE?**

1 A. I am a little confused by this testimony. First, as my attorney will explain, there is no
2 requirement that Budget have facilities located in South Carolina. Second, Budget's
3 facilities are used to provide several of the required supported services, and therefore
4 Budget qualifies as a "facilities-based" ETC. Third, the Company has provided a sworn
5 affidavit and two rounds of testimony (that will be sworn at the hearing) to that effect.

6
7 **Q. MR. ROZYCKI OPINES THAT "BUDGET OFFERS NO UNIQUE**
8 **ADVANTAGES TO THE SOUTH CAROLINA LIFELINE CONSUMER." IS HE**
9 **CORRECT?**

10 A. No. Mr. Rozycki claims that Budget offers "only 68 free minutes." As described in my
11 Direct Testimony (p. 4 l.10-p. 5, l. 3), and in response to the ORS Audit Information
12 Request No. 1.6, Budget's "Free 250 Plan" provides 250 free minutes of local and
13 domestic long distance calling, caller ID, call waiting and basic voicemail. Additionally,
14 Budget offers a high-value unlimited talk and text plan to eligible Lifeline customers.
15 Mr. Rozycki's analysis, when based on the correct number of free minutes and on both
16 Lifeline plans provided by Budget, demonstrates that Budget indeed satisfies the public
17 interest standard set out in Regulation 103-690.C (b),,

18
19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A: Yes.

CERTIFICATE OF SERVICE

October 5, 2011
Columbia, South Carolina